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SUBJECT: AMBASSADOR HIGHLIGHTS AMERICAN INVESTMENTS AT CHAMBER OF COMMERCE MEETING

¶1. Summary. The Ambassador spoke to approximately 1,000 Philippine Chamber of Commerce members about American investments in the Philippines on October 18. The Ambassador underscored the long history of American investors in the Philippines and urged the business audience to focus on exploiting the country's many advantages, such as its excellent human resources, noting the emerging call center and business process outsourcing sectors as areas of recent success for U.S. investors. She also highlighted commercial partnerships between the U.S. and Philippine governments. End Summary.

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Philippine Chambers of Commerce
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¶2. On October 18 the Ambassador spoke to 1,000 Philippine Chambers of Commerce (PCCI) members at the opening of their annual three-day meeting in Manila. The conference attracted businesspeople from all over the Philippines and had the highest level of attendance in 32 years, including representatives from a record number of Chambers from the southern island of Mindanao. Under the banner of "Seizing Global Opportunities", the conference focused on enhancing the Philippines' competitiveness and encouraging businesses to pro-actively seek out investment opportunities.

¶3. PCCI and the Philippine government recently hosted a Competitiveness Summit intended to address many of the issues holding back both foreign and domestic investment. At both events, local leaders outlined goals with specific action plans and time tables - including reducing the number of days it takes to start and register a new business and creating new procedures that reduce the opportunities for corruption. The results of PCCI's conference will be formally presented to President Arroyo on October 20.

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Private Sector Investors
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¶4. The Ambassador commended the long partnerships between American and Filipino companies. She noted that for over 50 years, high quality products from U.S. firms like Goodyear, Chevron, Kraft, Proctor and Gamble, and Ford have been manufactured in the Philippines, and mentioned that other employers with state-of-the-art production facilities - such as Timex and Moog (an aviation company) - also have important investments in the Philippines.

¶5. The Ambassador urged Chamber members to examine the next steps in economic development. The United States is the single largest market for call centers and business process outsourcing (BPO), while the Philippines is considered the most competitive supplier in Southeast Asia. U.S. BPO businesses are investing in both infrastructure and English language training to further build the industry. One example is the American firm Convergys, the largest call center operator in the Philippines, which employs close to

10,000 young Filipinos, and is investing in English-training programs for high school English teachers. The global BPO industry has doubled in just five years from $208 billion in 1999 to $543 billion in 2004.

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USG Role
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¶6. The Ambassador highlighted the partnerships between several USG agencies and Philippine businesses. The U.S. Agency for International Development (USAID) funds the Microenterprise Access to Banking Services, a microfinance program that helps private banks develop the capability to provide loan and deposit services to microenterprises. USAID provides training and technical support, while banks provide the lending capital. Since starting the program several years ago, about 320 rural banks have provided loans to more than 330,000 different microenterprises with total loans approaching 10 billion pesos ($20 million).

¶7. The Ambassador noted U.S. Department of Agriculture's contributions of over $200 million in both grant and food aid loans over the last five years to the Philippines. She encouraged local farmers to work with the USDA on an irradiation project that will help Philippine mango exporters increase their access to the U.S. market. USDA hopes that by 2010 Philippine mangoes will be available in the mainland U.S. (Note: Philippine mangos are currently available in Guam and Hawaii). USDA also sponsors a cold chain program, which provides a forum for education, training, and technical assistance to a group of Philippine companies specializing in perishable foods. Representing some of the most important and progressive food companies in the Philippines, the membership of the Cold Chain Association of the Philippines has doubled from 25 firms in 2002 to over 50 in 2006.



¶8. The Ambassador ended her speech by noting the close disaster assistance coordination between the U.S. and Philippine governments. She mentioned that she would travel to Central Philippines on October 19 to observe relief efforts in the wake of the recent Typhoon Milenyo.

KENNEY